

UNITED STATES OF AMERICA

v.

BLAKE A. PRATER

CORRECTED JUDGMENT IN A CRIMINAL CASE

CASE NO. 3:06CR1 JBA
USM NO: 15757-014

ERIC J. GLOVER
Assistant United States Attorney

ROBERT Y. ALTCHILER
Defendant's Attorney

THE DEFENDANT: pleaded guilty to count one of the indictment and count one of the information after a plea of not guilty.

Accordingly the defendant is adjudicated guilty of the following offenses:

<u>Title & Section</u>	<u>Nature of Offense</u>	<u>Offense Concluded</u>	<u>Counts</u>
15 U.S.C. §§ 77 q (a) AND 77x	SECURITIES FRAUD	09/2003	ONE
18 U.S.C. §§371 AND 1957	CONSPIRACY TO ENGAGE IN CERTAIN MONETARY TRANSACTIONS INVOLVING PROCEEDS OF SECURITIES FRAUD	09/2003	ONE

The following sentence is imposed pursuant to the Sentencing Reform Act of 1984.

IMPRISONMENT

The defendant is hereby committed to the custody of the United States Bureau of Prisons to be imprisoned for a total of 60 months on count one of the indictment and 60 months on count one of the information to run consecutively for a total of **120 months**.

SUPERVISED RELEASE

Upon release from imprisonment, the defendant shall be on supervised release for a total term of **36 months on both counts to run concurrently**.

The Mandatory and Standard Conditions of Supervised Release as attached, are imposed. In addition, the following Special Conditions are imposed:

1. Defendant shall pay restitution in the amount of \$3,479,128.00 at the rate of \$1,000.00 per month payable to Clerk Of Court, United States District Court 141 Church St., New Haven, Connecticut. This amount may be modified based on the defendant's ability to pay as determined by United States Probation Office (USPO) and approved by the Court.
2. Defendant shall not apply for new credit cards or open additional lines of credit, or incur new charges to existing charge accounts over \$250.00 without permission of USPO until defendant's restitution is paid.
3. Defendant shall provide USPO with all requested financial information, or if necessary, execution of appropriate releases for same.
4. Fine Waived.
5. Defendant shall not possess a firearm or other dangerous weapon
6. Drug testing waived.

CRIMINAL MONETARY PENALTIES

The defendant must pay the total criminal monetary penalties under the schedule of payments (as follows) or (as noted on the restitution order).

Special Assessment:	\$200.00	Due Immediately
Fine:	\$0.00	Waived
Restitution:	\$3,479,128.00	Payable at the rate of \$1,000.00 per month.

It is further ordered that the defendant will notify the United States Attorney for this district within 30 days of any change of name, residence or mailing address until all fines, restitution, costs and special assessments imposed by this judgment, are paid.

Counts two through eighteen are dismissed on motion of the United States.

JUDICIAL RECOMMENDATION TO THE BUREAU OF PRISONS

The Court recommends that the defendant be designated to the Camp at FCI Ottisville.

The defendant is remanded to the custody of the United States Marshal.

MARCH 30, 2007

Date of Imposition of Sentence

_____/s/_____
Janet Bond Arterton
United States District Judge
Date: April 12, 2007

RETURN

I have executed this judgment as follows:

Defendant delivered on _____ to _____

a _____, with a certified copy of this judgment.

John F. Bardelli
United States Marshal

By _____
Deputy Marshal

**CERTIFIED AS A TRUE COPY
ON THIS DATE _____**

Kevin F. Rowe, Clerk

**BY: _____
Deputy Clerk**

CONDITIONS OF SUPERVISED RELEASE

In addition to the Standard Conditions listed below, the following indicated (■) Mandatory Conditions are imposed:

MANDATORY CONDITIONS

- (1) The defendant shall not commit another federal, state or local offense;
- (2) The defendant shall not unlawfully possess a controlled substance;
- (3) The defendant who is convicted of a domestic violence crime as defined in 18 U.S.C. section 3561(b) for the first time shall attend a public, private, or private non-profit offender rehabilitation program that has been approved by the court, in consultation with a State Coalition Against Domestic Violence or other appropriate experts, if an approved program is available within a 50-mile radius of the legal residence of the defendant;
- (4) The defendant shall refrain from any unlawful use of a controlled substance and submit to one drug test within 15 days of release on supervised release and at least two periodic drug tests thereafter for use of a controlled substance;
- (5) If a fine is imposed and has not been paid upon release to supervised release, the defendant shall adhere to an installment schedule to pay that fine;
- (6) The defendant shall (A) make restitution in accordance with 18 U.S.C. sections 2248, 2259, 2264, 2327, 3663, 3663A, and 3664; and (B) pay the assessment imposed in accordance with 18 U.S.C. section 3013;
- (7) A defendant convicted of a sexual offense as described in 18 U.S.C. sections 4042(c)(4) shall report the address where the defendant will reside and any subsequent change of residence to the probation officer responsible for supervision, and shall register as a sex offender in any State where the person resides, is employed, carries on a vocation or is a student.
- (8) The defendant shall cooperate in the collection of a DNA sample from the defendant.

While on supervised release, the defendant shall also comply with all of the following Standard Conditions:

STANDARD CONDITIONS

- (1) The defendant shall not leave the judicial district or other specified geographic area without the permission of the court or probation officer;
- (2) The defendant shall report to the probation officer as directed by the court or probation officer and shall submit a truthful and complete written report within the first five days of each month;
- (3) The defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
- (4) The defendant shall support the defendant's dependents and meet other family responsibilities (including, but not limited to, complying with the terms of any court order or administrative process pursuant to the law of a state, the District of Columbia, or any other possession or territory of the United States requiring payments by the defendant for the support and maintenance of any child or of a child and the parent with whom the child is living);
- (5) The defendant shall work regularly at a lawful occupation unless excused by the probation officer for schooling, training, or other acceptable reasons;
- (6) The defendant shall notify the probation officer at least ten days prior to any change of residence or employment;
- (7) The defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any controlled substance, or any paraphernalia related to any controlled substance, except as prescribed by a physician;
- (8) The defendant shall not frequent places where controlled substances are illegally sold, used, distributed, or administered, or other places specified by the court;
- (9) The defendant shall not associate with any persons engaged in criminal activity, and shall not associate with any person convicted of a felony unless granted permission to do so by the probation officer;
- (10) The defendant shall permit a probation officer to visit the defendant at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view by the probation officer;
- (11) The defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
- (12) The defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the court;
- (13) The defendant shall pay the special assessment imposed or adhere to a court-ordered installment schedule for the payment of the special assessment;
- (14) The defendant shall notify the probation officer of any material change in the defendant's economic circumstances that might affect the defendant's ability to pay any unpaid amount of restitution, fines, or special assessments.

The defendant shall report to the Probation Office in the district to which the defendant is released within 72 hours of release from the custody of the U.S. Bureau of Prisons. Upon a finding of a violation of supervised release, I understand that the court may (1) revoke supervision and impose a term of imprisonment, (2) extend the term of supervision, and/or (3) modify the conditions of supervision.

These conditions have been read to me. I fully understand the conditions and have been provided a copy of them.

(Signed) _____
Defendant

Date

U.S. Probation Officer/Designated Witness

Date



United States Attorney's Office District of Connecticut Press Release

March 30, 2007 GUILFORD PONZI SCHEME OPERATOR SENTENCED TO 10 YEARS IN FEDERAL PRISON

Kevin J. O'Connor, United States Attorney for the District of Connecticut, announced that BLAKE A. PRATER, age 55, of 63 Davis Drive, Guilford, Connecticut, was sentenced today by United States District Judge Janet Bond Arterton in New Haven to 120 months of imprisonment, followed by three years of supervised release. On October 3, 2006, PRATER pleaded guilty to one count of securities fraud and one count of conspiracy to engage in certain monetary transactions involving proceeds of securities fraud. Immediately following today's sentencing proceeding, PRATER was remanded into the custody of the United States Marshals Service to begin service of his term of imprisonment.

PRATER was the President and director of *Wellspring Capital Group, Inc.*, ("Wellspring Capital"), which promoted, offered, and sold a variety of financial products. PRATER operated Wellspring Capital out of his residence in Guilford and from offices in Gales Ferry, Connecticut, and St. Albans, Vermont. PRATER was also the founder and director of *MpactVentures Ltd.* ("MpactVentures"), which purported to be the business acquisitions and management arm of Wellspring Capital.

On January 4, 2006, a federal grand jury in Hartford returned an 18-count Indictment charging PRATER with securities fraud, mail fraud, money laundering, and engaging in monetary transactions with the proceeds of unlawful activity. According to the Indictment, between September 2002 and September 2003, PRATER operated a "Ponzi Scheme" through which he fraudulently obtained money from thousands of investors by offering and selling financial products with exorbitant rates of return. PRATER is alleged to have used several web sites to promote various fraudulent investment products under a program called "Defined Equity Account Limited Liability Company" or "DEAL." DEAL products included schemes whereby PRATER, through Wellspring Capital, would solicit a relatively small amount of funds from an individual in return for a promise to pay the individual's car loan or rent payments for two or more years. PRATER fraudulently promised that investor funds would be invested in MpactVentures, and would be used to acquire various companies. PRATER is

alleged to have received millions of dollars in investor funds through the sale of the financial products contained in the DEAL programs before he ever purchased any companies on behalf of MpactVentures, and in fact was paying off investors in the DEAL programs by using funds provided by new investors. PRATER is also alleged to have fraudulently concealed from investors in the DEAL programs that he was using investor funds to employ and send teams of gamblers to casinos to use a system that PRATER claimed to have devised for winning at craps.

Wellspring Capital was not registered with the Securities and Exchange Commission as an investment company, investment advisor, broker dealer, or in any other capacity, and was not registered with the National Association of Securities Dealers in any capacity. Also, PRATER failed to inform investors of his prior criminal history, including the fact that he had previous felony convictions.

In pleading guilty, PRATER admitted that, through Wellspring Capital, he offered and sold "Right-to-Receive Agreements" ("RTRs") and other purported investment vehicles to the investing public, which contained certain materially false and misleading representations, including that investors would receive distributions exclusively from normal business activities, when, in truth and in fact, distributions were often simply payment of monies invested by other persons.

Judge Arterton has ordered PRATER to pay restitution in the total amount of \$3,479,128 to 1746 victims of his schemes.

"Hopefully, this strict sentence will send a very clear message to those who are thinking about victimizing investors in similar ways," U.S. Attorney O'Connor stated.

This case was investigated by the Federal Bureau of Investigation and the Internal Revenue Service – Criminal Investigation Division, with the assistance of the Securities and Exchange Commission and the United States Postal Inspection Service. The case was prosecuted by Assistant United States Attorneys Eric J. Glover and Christopher W. Schmeisser.